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UNITED STATES DEPARTMENT OF AGRICULTURE
20.5. Commodity Stabilization Service,

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HIGHLIGHTS OF CCC'S OPERATIONS

The Commodity Credit Corporation (CCC) is the financial organization through which farm price support and related activities authorized by Congress are carried out.

Management of CCC rests with a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex officio director and chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture), who are appointed by the President of the United States.

There is an advisory board of five members, appointed by the President of the United States, not more than three members of which belong to the same political party. The board meets at least every 3 months to survey the general policies of CCC.

CCC was originally established in 1933, under the laws of the State of Delaware. During the early years, it was managed and operated in close affiliation with the Reconstruction Finance Corporation, but on July 1, 1939, it was transferred to and made a part of the U. S. Department of Agriculture.

In the summer of 1948, the Commodity Credit Corporation Charter Act became law. This legislation dissolved the Delaware charter and provided CCC a permanent Federal charter. In the summer of 1949, the Federal charter was amended in several important respects.



The Charter Act, as amended, gives CCC broad powers. It is empowered to support prices of agricultural commodities through loans, purchases, and other operations. It can buy agricultural commodities either at home or abroad to meet domestic requirements or it can sell commodities to other Government agencies, foreign governments, or international relief and rehabilitation agencies. It can make available materials and facilities -- such as grain bins or grain driers -- when they are required in production or marketing. It can remove and dispose of surplus agricultural commodities, either by selling or by bartering them for strategic and critical materials produced abroad. It can export agricultural commodities, cause them to be exported, or aid in the development of foreign markets.

CCC's financial resources have been kept abreast of its responsibilities. The original capital of the Corporation in 1933 was only \$3,000,000, and there was no specific borrowing authority. Today, the capitalization is \$100,000,000 and the Corporation has, in addition, authority to borrow up to \$10,000,000,000.

CCC now carries on five separate activities -- the price-support, storage-facilities, supply, foreign purchase, and International Wheat Agreement programs. In terms of impact on the national economy, the most important of these programs, by far, is the price-support program. But the other programs also are necessary parts of the broad program of agricultural assistance carried out by the Department of Agriculture.

As of May 31, 1954, CCC's investment in price-support loans and inventories totaled about \$6,109,000,000. Of this investment, loans outstanding approximated \$2,648,000,000, the major items under loan being corn, wheat, tobacco, and cotton. Inventories held by CCC had a cost of about \$3,461,000,000, a large part of which was represented by wheat, corn, dairy products, and cottonseed oil.

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Support in 1954 is mandatory on corn, wheat, cotton, rice, tobacco, peanuts, milk, butterfat, wool, mohair, tung nuts, and honey. Also supported under permissive provisions of the price law are barley, oats, rye, sorghum grain, flaxseed, soybeans, dry edible beans, cottonseed, and crude pine gum.

CCC's supply program was started early in 1941, after passage of the Lend-Lease Act, when the agency was given the emergency assignment of procuring food and fiber needed by our armed forces and Great Britain. Following Pearl Harbor, this procurement work was expanded enormously. At the height of World War II, for example, CCC was procuring, every day, agricultural commodities having a value of more than \$7,000,000. Following V-J Day, procurement declined only gradually, because CCC continued to purchase a substantial part of the agricultural commodities moving to Europe under various relief programs. The marked recovery of agricultural production in Western Europe, however, has resulted in a very sharp contraction in supply-program purchases.

Under the International Wheat Agreement, which is aimed at assuring markets for wheat to exporting countries and supplies of wheat to importing countries at equitable prices, the United States is entitled to sell specified quantities of wheat to importing countries in each of three marketing years beginning in 1953-54. Maximum prices are \$2.05 per bushel each year, the price being based on bulk wheat in store at Fort William-Port Arthur, Canada, in terms of United States currency. The minimum price, on the same basis, is \$1.55.

Under the International Wheat Agreement Act of 1949, administration of the agreement is vested in the Commodity Credit Corporation. CCC is also authorized under the act to pay the cost, on a reimbursable basis, of operations carried on under the agreement.

During the war years, CCC also purchased from foreign sources a considerable volume of commodities to meet emergency needs. After the war, foreign purchases were continued in order to meet foreign relief requirements. As in the case of the supply program, however, recovery of agriculture in Western Europe has meant a sharp decline in dollar volume -- from \$121,000,000 in the fiscal year 1949 to only \$10,000,000 in the fiscal year 1954.

CCC owns bins having an aggregate capacity of 838,000,000 bushels for the storage of CCC-owned grain in areas where commercial storage facilities are inadequate. Idle Maritime Commission ships in New York, Virginia, and the Pacific Northwest are furnishing additional storage for about 72,000,000 bushels of CCC-owned grain. Approximately 168,000,000 bushels of commercial-type storage space has been assured under an occupancy contract program. And about 185,000,000 bushels of storage space on farms has been obtained through loans made or guaranteed to farmers.

Net realized losses of CCC for the period October 1933 through May 1954 (excluding costs of the wartime consumer subsidy program) total \$1,091,000,000.

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